

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
November 30, 2022

Murrieta Apartments Phase I, located at 24960 Adams Avenue in Murrieta, requested and is being recommended for a reservation of \$2,993,351 in annual federal tax credits and \$8,992,812 in total state tax credits to finance the new construction of 118 units of housing serving families with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by National Community Renaissance of California and will be located in Senate District 28 and Assembly District 67.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the Permanent Local Housing Allocation (PHLA) program of HCD.

Project Number CA-22-597

Project Name Murrieta Apartments Phase I
Site Address: 24960 Adams Avenue
Murrieta, CA 92562
County: Riverside
Census Tract: 498.00

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,993,351	\$8,992,812
Recommended:	\$2,993,351	\$8,992,812

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant: National Community Renaissance of California
Contact: Lesley Hampton
Address: 9421 Haven Avenue
Rancho Cucamonga, CA 91730
Phone: 909-204-3444
Email: lhampton@nationalcore.org

General Partner(s) or Principal Owner(s): NCRC Murrieta I GP LLC
General Partner Type: Nonprofit
Parent Company(ies): National Community Renaissance of California
Developer: National Community Renaissance of California
Bond Issuer: CSCDA
Investor/Consultant: Bank of America
Management Agent: National Community Renaissance of California

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 3
 Total # of Units: 119
 No. / % of Low Income Units: 118 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt/HUD Section 8 Project-based Vouchers (8 units - 6%)

Information

Housing Type: Large Family
 Geographic Area: Inland Empire Region
 CTCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	37	31%
45% AMI:	24	20%
50% AMI:	33	28%
60% AMI:	24	20%

Unit Mix

24 1-Bedroom Units
 60 2-Bedroom Units
 35 3-Bedroom Units

 119 Total Units

Unit Type & Number	2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
2 1 Bedroom	30%	\$495
4 2 Bedrooms	30%	\$594
2 3 Bedrooms	30%	\$686
7 1 Bedroom	30%	\$495
4 1 Bedroom	45%	\$742
8 1 Bedroom	50%	\$825
3 1 Bedroom	60%	\$990
14 2 Bedrooms	30%	\$594
13 2 Bedrooms	45%	\$891
17 2 Bedrooms	50%	\$990
12 2 Bedrooms	60%	\$1,188
8 3 Bedrooms	30%	\$686
7 3 Bedrooms	45%	\$1,029
8 3 Bedrooms	50%	\$1,144
9 3 Bedrooms	60%	\$1,373
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$5,109,753
Construction Costs	\$38,720,901
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,025,283
Soft Cost Contingency	\$200,000
Relocation	\$0
Architectural/Engineering	\$1,550,000
Const. Interest, Perm. Financing	\$2,969,995
Legal Fees	\$150,000
Reserves	\$287,904
Other Costs	\$4,135,128
Developer Fee	\$7,200,000
Commercial Costs	\$0
Total	\$62,348,965

Residential

Construction Cost Per Square Foot:	\$257
Per Unit Cost:	\$523,941
True Cash Per Unit Cost*:	\$519,739

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Bank of America - Tax Exempt	\$32,250,000	Bank of America	\$6,644,000
Bank of America - Taxable	\$700,000	Ground Lease ¹	\$3,325,000
Ground Lease ¹	\$3,325,000	Murrieta Housing Authority	\$6,000,000
Murrieta Housing Authority	\$6,000,000	County of Riverside	\$6,000,000
County of Riverside	\$6,000,000	Deferred Fee	\$500,000
Deferred Costs	\$2,489,946	General Partner Equity	\$4,700,000
General Partner Equity	\$4,700,000	Tax Credit Equity	\$35,179,965
Tax Credits	\$6,884,019	TOTAL	\$62,348,965

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

¹Murrieta Housing Authority

Determination of Credit Amount(s)

Requested Eligible Basis:	\$57,564,444
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$74,833,777
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,993,351
Total State Credit:	\$8,992,812
Approved Developer Fee (in Project Cost & Eligible Basis):	\$7,200,000
Investor/Consultant:	Bank of America
Federal Tax Credit Factor:	\$0.91991
State Tax Credit Factor:	\$0.85000

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee's next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

CTCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of CTCAC.

The applicant must pay CTCAC a reservation fee calculated in accordance with regulation. Additionally, CTCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within CTCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, CTCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from CTCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by CTCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by CTCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the CTCAC placed in service review, CTCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.